

**BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA**

DOCKET NO. 2009-411-G

In the Matter Of

Application of Piedmont Natural Gas
Company, Inc. for Approval of Energy
Efficiency Programs

)
)
)
)
)

**REQUEST FOR APPROVAL OF
REALLOCATION OF ENERGY
EFFICIENCY PROGRAM FUNDS**

Piedmont Natural Gas Company, Inc. ("Piedmont" or "Company"), through counsel and pursuant to S.C. Code § 58-37-20, respectfully requests authorization by the Public Service Commission of South Carolina ("Commission") to reallocate unexpended funds from the first program year of the Company's Energy Efficiency Programs, which were approved by the Commission's May 27, 2010 *Order Approving Energy Efficiency Programs*. In this filing, Piedmont is requesting that \$25,000 of unexpended funds in the Residential Low-Income Program and \$40,000 of unexpended funds in the Customer Education Program be reallocated to the High Efficiency Equipment Rebate Program. In support of this request, Piedmont respectfully shows unto the Commission as follows:

1. On May 27, 2010, in Order No. 2010-390 ("May 27th Order"), this Commission approved a settlement between Piedmont and the Office of Regulatory Staff ("ORS") adopting three energy efficiency programs sponsored by Piedmont and offered to qualifying participants within Piedmont's South Carolina service territory. These programs were: (1) a Residential Low-Income Weatherization Program; (2) a High-Efficiency Equipment Rebate Program; and (3) a Customer Education Program.

2. The May 27th Order approved a January 27, 2010 Settlement Agreement between ORS and Piedmont, and authorized Piedmont to implement the Energy Efficiency Programs at a cost not to exceed total expenditures of \$350,000 per year as experimental programs for a period of three years. The Settlement Agreement required Piedmont to notify

ORS and the Commission before instituting any proposed changes, adjustment, or modifications to its Energy Efficiency programs.

3. The Settlement Agreement authorized Piedmont to annually expend up to \$50,000 on its Customer Education Program, up to \$150,000 on its High Efficiency Equipment Rebate Program, and up to \$150,000 on its Residential Low-Income Energy Efficiency Program.

4. As of December 1, 2010, there was approximately \$25,000 in unexpended funds available in the Residential Low-Income Energy Efficiency Program and approximately \$40,000 in unexpended funds available in the Customer Education Program. The available funds for the High Efficiency Equipment Rebate Program as of that date were essentially exhausted.

5. The unexpended funds in the Residential Low-Income Energy Efficiency Program were the result of a "hold-back" by Piedmont in the initial disbursement of those funds to the organizations who are currently engaged in coordinating expenditures for low-income energy efficiency activities. Because this program is new this year and in light of the fact that Piedmont had no prior experience with the two organizations in terms of how quickly they would expend allocated funding, Piedmont initially held \$25,000 of funding for this program in reserve in case one or both agencies outperformed expectations in terms of timing for expending these monies. That has not occurred and instead these organizations are performing as expected over the partial year that this program has been in effect. As a result, as we near the end of 2010, the final \$25,000 in funds for this program remains both unallocated and unspent.

6. Similarly, the funds allocated to the Customer Education Program for 2010 have not been fully expended. Piedmont has completed some customer education and was prepared to expend the remaining amount of funds for this program year. However, in our view, the pace of customer demand for the High-Efficiency Equipment Rebate Program now warrants reallocating the remaining education funding towards the High-Efficiency Equipment Rebate Program.

7. The High-Efficiency Equipment Rebate Program has proven very popular and the annual funding allocated to that program has been effectively exhausted in the first six months of the program's operation. In Piedmont's view, the foregoing facts suggest that a reallocation of 2010 unspent funds to the High-Efficiency Equipment Rebate Program is appropriate. Piedmont plans to continue the Residential Low-Income Energy Efficiency Program and the Customer Education Program in 2011, although Piedmont is evaluating whether a reallocation of the \$350,000 across the approved programs is in order.

8. As required by the Settlement Agreement and May 27th Order, Piedmont is requesting approval to reallocate the first program year unexpended funds from the Customer Education and Residential Low-Income Energy Efficiency Programs to the High Efficiency Equipment Rebate Program.

9. Piedmont's request is designed to make additional funding available to qualifying program participants for the installation of high-efficiency gas equipment. This program was very successful and popular in 2010 and Piedmont believes that the reallocation of funding requested herein will be beneficial to its customers by making additional rebates available to qualifying participants in the High-Efficiency Equipment Rebate Program.

10. Piedmont has discussed its proposed reallocation of unexpended funds with the Office of Regulatory Staff ("ORS") and believes that the ORS has no concerns with Piedmont's proposal.

WHEREFORE, Piedmont Natural Gas Company, Inc. respectfully requests that the Commission approve Piedmont's proposed reallocation of Energy Efficiency Program funds as described herein.

Respectfully submitted, this the 21st day of December, 2010.

PIEDMONT NATURAL GAS COMPANY, INC.

s/ James H. Jeffries IV
James H. Jeffries IV

OF COUNSEL:

Moore & Van Allen PLLC
100 N. Tryon Street, Suite 4700
Charlotte, North Carolina 28202-4003
Telephone: (704) 331-1079

s/ Scott M. Tyler
Scott M. Tyler

OF COUNSEL:

Moore & Van Allen PLLC
100 N. Tryon Street, Suite 4700
Charlotte, North Carolina 28202-4003
Telephone: (704) 331-2463

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the attached *Request* is being served this date electronically and via UPS Overnight (5 copies) upon:

Jeffrey M. Nelson
Shannon B. Hudson
Office of Regulatory Staff
1401 Main Street
Suite 900
Columbia, South Carolina 29201
jnelson@regstaff.sc.gov
shudson@regstaff.sc.gov

And that a copy of the attached *Request* is being served this date electronically or via U.S. Mail upon:

Jane Lewis-Raymond
Vice President and General Counsel
Piedmont Natural Gas Company, Inc.
Post Office Box 33068
Charlotte, NC 28233
jane.lewis-raymond@piedmontng.com

Pia Powers
Manager, Regulatory Affairs
Piedmont Natural Gas Company, Inc.
Post Office Box 33068
Charlotte, NC 28233
pia.powers@piedmontng.com

Thomas C. Tinsley
384 Old Greenville Highway
Spartanburg, SC 29301-5241

This the 21st day of December, 2010.

s/ James H. Jeffries IV
James H. Jeffries IV